



TOWN OF HERNDON MARKET ANALYSIS—Executive Summary

The Residential Market

There are two sectors of the multi-family housing market that are currently underserved in Herndon. First, there is a demand for senior housing, in the each of the active-adult, age-restricted, and assisted-living categories. Second, there is demand for housing for young professionals looking for a “sense of place.” There are thousands of young professionals in western Fairfax County and eastern Loudoun County, and many of them are looking for an affordable housing option that is more than just another sprawling and suburban apartment or condominium complex. Herndon has the ingredients in place to attract this type of residential tenant with its existing amenities in the downtown core. The selection of multi-family properties - both rental and condominium - in the primary trade area is limited, and a quality development with thoughtful planning and design in close proximity to downtown will attract this type of tenant, who has few other options. Overall, residential development in many different forms including single-family, townhomes, multi-family for-sale and rental, as well as live-work space, will be important to the downtown revitalization effort in Herndon because retail needs a built-in population to be viable. Various housing product types will capture varying tenant types, thus diversifying the consumer base downtown and increasing retail viability and demand. It is our opinion that there is a market for up to one thousand new multi-family units of these types over the next ten years.

The Office Market

Promoting small business development downtown should be one of the Town’s most important objectives and, as such, it should be willing to institute incentives and/or incubation programs to attract new tenants to the commercial core. However, it is important to note that downtown Herndon cannot and should not try to compete with its high-profile, regional Toll Road identity. Rather, the municipality should embrace the buildings along Herndon Parkway as a great revenue generator but not attempt to woo tenants away from them to downtown. On the other hand, there is a vast pool of professional service tenants that are located in sub-par buildings along Elden Street that should be targeted for relocation. The Town should make the building process as easy as possible for those willing to locate their businesses downtown—a “green-tape” municipal ideology should be adopted to the extent possible. In terms of development types, live-work space could be a viable residential/commercial alternative here, as long as it is well-located. Office condos may also be appropriate as the market stabilizes. Professional loft office above retail will remain a viable commercial office type in downtown Herndon, catering to professionals like doctors, lawyers, graphic designers, attorneys, real estate brokers, etc.

The Retail Market

Successful retail depends on a high concentration of people. While Herndon’s population is strong, the amount of existing retail per capita is quite high, like our primary and secondary trade area polygons, which boast retail per capita figures of 34.81sf/person and 41.06sf/person, respectively. The national average for retail space per capita is 22-25sf/person. In order to compete, therefore, Herndon must either add retail to expand its trade area and generate more demand or reposition what’s already there.

Many offerings in the downtown core exist more because of low rents than because of a need for these services. Some of the retail that does not perform or work well should be weeded out. A market study paired with a detailed and focused retail merchandising strategy can help to determine which retail of these uses are superfluous, and can also identify opportunities for co-tenancy and synergy. These efforts will become the basis for a branding and placemaking strategy designed to increase awareness of downtown Herndon as a destination within the regional market. It is our opinion that an additional 70,000-100,000sf of retail/restaurant/entertainment space could be supported in Downtown Herndon over the next decade with incomes between \$25-35/sf NNN.